

**Agency:** 495 Department of Agriculture

**Decision Package Code/Title:** N1 Raw Milk Testing

**Budget Period:** 2015-17

**Budget Level:** PL - Performance Level

### Recommendation Summary Text:

This proposal requests \$504,000 GF-State in the 2015-2017 biennium for the Washington State Department of Agriculture (WSDA) Dairy & Food Safety Microbiology Laboratory (the laboratory). This funding will allow the laboratory to continue to fulfill its statutory obligation to analyze raw milk samples. Without this funding, the laboratory will have to reduce or eliminate critical surveillance testing of raw milk products, putting consumers at greater risk of severe illness or death. Raw milk is one of the highest risk food products for sale in Washington.

### Fiscal Detail

| <b>Operating Expenditures</b>            | <b><u>FY 2016</u></b> | <b><u>FY 2017</u></b> | <b><u>Total</u></b>          |
|--|-----------------------|-----------------------|------------------------------|
| 001-1 General Fund - Basic Account-State | 252,000               | 252,000               | 504,000                      |
| <b>Total Cost</b>                        | <b>252,000</b>        | <b>252,000</b>        | <b>504,000</b>               |
| <b>Staffing</b>                          | <b><u>FY 2016</u></b> | <b><u>FY 2017</u></b> | <b><u>Annual Average</u></b> |
| FTEs                                     | 2.0                   | 2.0                   | 2.0                          |

### Package Description:

Raw milk and raw milk products such as artisan cheeses and fresh cheeses are high risk products and potential sources of pathogenic bacteria that can cause serious illness, hospitalization, or death. The laboratory has identified illness-causing microorganisms in raw milk 15 times in the last 8 years, allowing contaminated products to be recalled from the marketplace. These recalls were caused by shiga toxin-producing E.coli (11), Listeria (3) and Campylobacter (1) and resulted in 53 known illnesses. The actual number of illnesses is likely greater since not all cases of food-borne illness are recognized and reported.

The raw milk industry in Washington State has seen explosive growth in the last several years. The number of retail raw milk facilities has increased eight-fold since 2006, with 48 firms now licensed. This number will continue to climb, with up to 10 additional new licensees anticipated in FY 2016. The number of raw milk cheese facilities has also grown over the last few years; there are now 42 licensed raw milk cheese producers.

The growth in this market segment was recognized by the legislature. In 2005, a change to RCW 15.36 allowed raw milk producers to cap milk bottles by hand, rather than by machine, as was previously required. This reduced the capital costs necessary for entry into this business, and fueled at least some of the observed growth.

WSDA supports the successful and safe growth of this market segment, and is also fiercely committed to protecting the health of Washingtonians through the use of our inspection and product testing capabilities. In response to industry growth as well as new and emerging pathogens, WSDA has had to increase its laboratory capabilities and capacity. We are now performing more than 5 times the

number of lab tests on raw milk every year than we did in 2006. With all of the increased sampling and testing have come more pathogen detections. Pathogen detections trigger in-depth investigations, more follow-up lab testing, and still more lab costs.

The laboratory has implemented modern lab testing methods and technology to provide a quicker turnaround time for test results. Newer technology, including molecular based testing, is more expensive than older methods. Shortening lab test turnaround times allows the agency to respond more quickly to food-borne illnesses caused by contaminated milk or milk products. The WSDA laboratory is committed to safeguarding the dairy/food supply via product testing.

In FY 2007, following a large raw milk related outbreak, the laboratory received general fund support for 0.5 FTE to cover raw milk testing, with no other increases since that time. The laboratory cannot sustain the growing testing demands without additional resources. The laboratory projects it will be unable to provide the necessary service level with its current funding as soon as FY2016. Funding for two additional FTEs and necessary testing supplies will alleviate the current shortfall.

This proposal requests ongoing funding for two additional microbiologists (one Microbiologist 2 and one Microbiologist 3) to perform milk analyses, training-related travel, computer leasing, and agency overhead. Goods and services expenditures include microbiological testing media, lab supplies and reagents, test kits for specific analyses, and facilities costs.

## **Narrative Justification and Impact Statement**

### ***What specific performance outcomes does the agency expect?***

WSDA will be able to meet the increased demand for testing of retail raw milk products to protect the health of Washingtonians. WSDA will continue to collect and analyze monthly raw milk samples from every licensee for the presence of illness-causing microorganisms and milk quality standards. WSDA will continue to meet its statutory milk sampling and analytical obligations.

### **Performance Measure Detail**

#### **Activity:**

#### **Incremental Changes**

No measures submitted for package

### ***Is this decision package essential to implement a strategy identified in the agency's strategic plan?***

Yes: WSDA cannot take regulatory actions on dairy and food safety issues to protect the health of Washingtonians without defensible laboratory testing data. This proposal directly supports Goal 1 of WSDA's Strategic Plan to protect and reduce the risk to public health by assuring the safety of the state's food supply.

### ***Does this DP provide essential support to one or more of the Governor's Results Washington priorities?***

Yes: This proposal is in alignment with, and supports Goal 4: Healthy and Safe Communities of the Governor's priorities. This proposal supports the outcome measure of reducing the number of food borne illness outbreaks in our state.

### ***What are the other important connections or impacts related to this proposal?***

\*The overwhelming majority of raw milk producers are small, family-owned farms. WSDA supports the growth of these producers.

\*All producers, large and small, benefit from regular inspections and testing. Regulatory inspection and testing supports the entire dairy industry in Washington state by monitoring the effectiveness of their sanitation and processes. Our work supports consumer confidence in the safety of all dairy products

\*All Washingtonians benefit from the WSDA Food Safety Program's system of monitoring, inspecting, and testing products from high risk food processing facilities thereby reducing food-borne illness outbreaks.

### ***What alternatives were explored by the agency, and why was this alternative chosen?***

A service level reduction could also improve alignment between work performed and existing resources. This alternative was rejected because decreased testing would negatively affect the safety of our food supply and erode consumer confidence. A service level

reduction would not support the governor's priorities. According to RCW 15.36, the Food Safety program is obligated to perform quarterly inspections and monthly sampling. The laboratory is obligated to perform testing on samples collected from each facility each month.

The WSDA Food Safety and Consumer Services Division, which contains both the Food Safety Program and the laboratory, spends about \$5,000 per raw milk facility per year to provide all the necessary inspection and lab testing services. Under a separate legislative proposal, the Division is seeking to increase the raw milk processor license fee from \$50 to \$250 per year. While not approaching the Division's total cost for providing raw milk regulatory services, the proposed fee increase (if successful) will support better alignment of user fees to work performed in this industry segment. The actual dollars raised by the proposed fee increase on raw milk processors (less than \$20,000) would support inspection activities, not laboratory activities. Testing of raw milk is a key component of a successful program to detect contaminated raw milk products before they reach consumers.

***What are the consequences of adopting or not adopting this package?***

The laboratory cannot sustain the current service level beyond FY 2016 without additional resources. The only alternative is to significantly reduce sample testing and emergency response capacity. As a result, with its current resources, the laboratory will be unable to meet the obligations found in RCW 15.36 and people in Washington will become more vulnerable to food-borne illness.

***What is the relationship, if any, to the state's capital budget?***

None.

***What changes would be required to existing statutes, rules, or contracts, in order to implement the change?***

No changes are necessary.

***Expenditure and revenue calculations and assumptions***

Expenditures include 2 FTE's (one Microbiologist 2 and one Microbiologist 3) and associated costs, training (including travel), facilities costs and lab testing supplies. The estimated cost for supplies per test is \$15.00. This includes testing kits, reagents, chemicals, bacterial media, gloves and other consumables. In 2013, 5,000 tests of raw milk were performed. That is an increase of 4,000 tests per year over the last eight years.

Object T below reflects agency overhead costs.

***Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?***

All expenditures are on-going. WSDA will continue to monitor its surveillance and testing workload to ensure that its staffing levels are appropriate.

| <b><u>Object Detail</u></b>   | <b><u>FY 2016</u></b> | <b><u>FY 2017</u></b> | <b><u>Total</u></b> |
|-------------------------------|-----------------------|-----------------------|---------------------|
| A Salaries And Wages          | 126,700               | 126,700               | 253,400             |
| B Employee Benefits           | 37,400                | 37,400                | 74,800              |
| E Goods\Other Services        | 61,700                | 61,700                | 123,400             |
| G Travel                      | 1,700                 | 1,700                 | 3,400               |
| P Debt Service                | 1,200                 | 1,200                 | 2,400               |
| T Intra-Agency Reimbursements | 23,300                | 23,300                | 46,600              |
| <b>Total Objects</b>          | <b>252,000</b>        | <b>252,000</b>        | <b>504,000</b>      |